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This GIS map is a snapshot of various areas in the City and shows the locations and connections of sewer facilities such as manholes, sewer main pipes, sewer cleanouts, lift stations, and diversion structures. In addition, the arrows on the map denote the flow direction of wastewater through the sewer system.



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Where Values Make The Difference

BUDGET POLICIES AND GUIDELINES

The City of Chandler's continued goal is to provide the highest quality services to the community in the most cost-effective manner. The Council's strategy to achieve these results is through goals to improve Chandler in a coordinated manner and to make fiscally responsible decisions that will ultimately strengthen the City.

The development of Chandler's budget is designed to reflect the needs and desires of the community. Throughout the year, the Mayor, Council and staff obtain input from the community through surveys, commissions, neighborhood meetings and contracts with individuals. Based on this input, the Council holds planning sessions to discuss multiple service area efforts needing attention and to establish organizational guidelines.

In fiscal year 2001-02 the City Council developed a list of six goals to be completed within five years. Staff used these as guides in the analysis and review of budget requests for the past year as well as the upcoming fiscal year 2003-04. Staff has been asked to identify action steps and report periodically on progress toward achieving the Council goals. The six priority goals are listed below with some objectives, action steps and completion dates.

City Council Goals, Objectives and Action Steps

- A. **TRANSPORTATION** – Continue the evaluation of corridors relative to capacity improvements while maintaining quality aesthetic appearance, connectivity to the freeways, and improving public transit.
- 1) Establish Transportation Commission
 - ◆ Commission members appointed and meetings schedule established – *Completed March, 2002*
 - ◆ Provide updates on major transportation issues to Council and Transportation Commission- *On-going*
 - 2) Complete Transit Plan Update - *Completed September, 2002*
 - 3) Complete High Capacity Transit Major Investment Study - *Completed February, 2003*
 - 4) Examine existing bottlenecks and consider options to address them
 - ◆ Complete Safety/Capacity Study to review solutions - *Completed December, 2002*
 - ◆ Present results of Study to Transportation Commission and to Council – *Target completion Summer, 2003*
 - ◆ Design and construct Dobson/Elliott Intersection Project - *Target completion Fall, 2003*
 - 5) Address transportation system connectivity to freeways
 - ◆ Design/construct improvements on Kyrene Road and on McClintock Drive - *Target completion Fall, 2003*
 - ◆ Design/construct improvements on Dobson Road - *Target completion Fall, 2004*
 - ◆ Support Maricopa County Dept. of Transportation improvements on McQueen Rd. - *Target completion July, 2005*
 - 6) Test ideas for transportation improvements against financial resources
 - ◆ Evaluate CIP bonding authority - *Completed October, 2002*
 - ◆ Review impact fee history and projections for ability to support impact fee projects - *Completed March, 2003*
 - ◆ Develop recommendations for alternative funding and present to City Manager – *Completed March, 2003*
- B. **AGING INFRASTRUCTURE – DEVELOP FINANCIAL STRATEGY** - Evaluate and assess the existing situation of all infrastructure elements including a complete inventory, history of maintenance and rate of deterioration.
- 1) Identify existing infrastructure inventory
 - ◆ Gather status of infrastructure studies from Public Works/Municipal Utilities – *Completed July, 2002*
 - ◆ Confirm with Accounting historical records for existing infrastructure - *Completed February, 2003*
 - 2) Insure infrastructure analysis is in compliance with GASB 34 requirements
 - ◆ Review street pavement/maintenance schedule, compare with GASB 34 guidelines - *Completed 2002*
 - ◆ Meet with Water/Wastewater consultant, confirm study is prepared under GASB 34 guidelines - *Completed 2002*
 - 3) Identify key stakeholders in departments with infrastructure replacement needs- *Completed March, 2003*
 - 4) Prepare RFP to hire consultant to develop remaining infrastructure/facilities replacement analysis
 - ◆ Identify infrastructure/facilities replacement requiring sinking funds - *Target completion August, 2003*
 - ◆ Develop RFP for infrastructure/facilities and hire consultant- *Target completion September, 2003*
 - 5) Complete study of infrastructure analysis - *Target completion January, 2004*
 - 6) Develop/prepare financial strategy for aging infrastructure - *Target completion March, 2004*

Budget Policies and Major Issues

- C. **ECONOMIC DEVELOPMENT – FOCUS ON QUALITY**- Continue to attract quality businesses that compliment our community while diversifying our economic base as well as addressing commercial vacancies.
- 1) Maximize benefits of Economic Development, working with Greater Phoenix Economic Council (GPEC)
 - ♦ Participate in Economic Development Directors Team to direct GPEC marketing – *On-going*
 - ♦ Participate in GPEC marketing/recruiting to promote business locations in Greater Phoenix/Chandler- *On-going*
 - ♦ Participate in Regional Business Coalition to improve regional competitiveness - *On-going*
 - 2) Diversify Chandler's Employment Base
 - ♦ Identify target industries and target markets, focusing on diversification - *Completed August, 2002*
 - ♦ Develop and Implement Market/Action Plan - *On-going - Revised annually*
 - ♦ Promote Development in Chandler Airport Park - *On-going - target completion 5+ years*
 - ♦ Assist targeted companies with locating operations in Chandler - *On-going - Revised annually*
 - 3) Develop a policy on Business Incentives
 - ♦ Compile report on historical Chandler incentives - *Target completion Spring, 2003*
 - ♦ Present findings to Council Subcommittee - *Target completion Summer, 2003*
 - 4) Provide services to assist existing business
 - ♦ Partner with Chandler Chamber of Commerce on Business Retention/Expansion Program - *On-going*
 - ♦ Provide assistance to Small Business in Chandler - *On-going*
- D. **NEIGHBORHOOD PRESERVATION AND REVITALIZATION** - Continue revitalization efforts for preserving older neighborhoods through various neighborhood program initiatives and support of neighborhood improvements projects through grants.
- 1) Pilot project expansion to Galveston; identify and support neighborhood leaders in their efforts - *On-going*
 - 2) Neighborhood systems grouped, appoint Neighborhood Assoc. subcommittee - *Completed February, 2002*
 - 3) Encourage other neighborhoods to organize like Home Owner's Association (HOA) - *On-going*
 - 4) Expand guidance to community to connect with city and citizens wishing to play an active role - *On-going*
 - 5) Rental Properties participation in Rehabilitation program - *Completed, 2002*
- E. **DOWNTOWN REDEVELOPMENT** - Continue redevelopment of downtown area and develop marketing plan for Historic Downtown Chandler in conjunction with merchants.
- 1) Establish Downtown Assistant Position to assist Downtown Coordinator - *Completed August, 2002*
 - 2) Utilize Downtown Improvement Fund (DIF) as key economic development tool
 - ♦ Develop DIF program materials and marketing materials - *Completed August, 2002*
 - ♦ Market DIF to prospective Downtown tenants - *On-going*
 - ♦ Locate tenants utilizing DIF funds as business assistance tool - *On-going*
 - 3) Establish policy on Historic Preservation for Downtown Chandler
 - ♦ Inventory historic buildings with Historic District/Chandler Historic Society - *Completed March, 2003*
 - ♦ Develop map of historic buildings within Historic District - *Completed March, 2003*
 - ♦ Draft report and policy for City Council - *Target completion Summer, 2003*
 - 4) Link downtown redevelopment efforts to the Chandler Center for the Arts
 - ♦ Complete Arizona Ave improvements to Center for the Arts - *Completed January, 2003*
 - ♦ Include Center for the Arts as key downtown amenity in Marketing Plan for tourist/visitors - *On-going*
 - ♦ Work with Center for the Arts staff to promote downtown merchants in marketing program - *On-going*
 - 5) Conduct Visioning Process for Site 6 in Downtown – *Currently on Hold*
- F. **AGING COMMERCIAL CENTERS** - Continue to identify distressed strip shopping centers and devise programs for improvements and assistance.
- 1) Secure funding for Chandler Commercial Investment Program - *Funds Budgeted FY2002-03 and FY2003-04*
 - 2) Develop/implement Chandler Commercial Reinvestment Program
 - ♦ Draft policy for Council on Commercial Reinvestment program – *Completed October, 2002*
 - ♦ Develop program and marketing materials - *Completed November, 2002*
 - ♦ Issue Requests for Proposals to eligible shopping center owners/developers - *Completed February, 2003*
 - ♦ Complete agreements for selected projects – *Target Completion, Summer, 2003*

Financial Policies

The City of Chandler has strong financial policies that allow staff to provide sound fiscal planning and continued management of fiscal integrity. The financial policies are divided up into five categories: Operating Management, Capital Management, Debt Management, Reserves, and Financial reporting policies. All of these policies have been briefed to Council through the budget document or in staff presentations over the years, but have never been formally adopted during the budget process. Council formally adopted the 15% general fund contingency reserve policy in 1992 as a separate action because it was a new policy, and is included in this list. Listed below are the financial policies Chandler has implemented and as a result has provided a fiscally strong City.

➤ **Operating Management Policies:**

- Department Heads are expected to manage their areas with the overall financial health of the City in mind. With Expenditure Control Budgeting (ECB), "Managers are paid to manage" and to look for effective and efficient ways to deliver quality services to our citizens while meeting Council goals.
- The budget process allows weighting of all competing requests for City resources within projected fiscal constraints. Additions outside of the budget process are discouraged and only approved by City Manager's office in unique circumstances.
- All personnel requests must be fully justified to show that they will either meet new program purposes or maintain or enhance service delivery.
- On-going expenses will be funded by on-going revenues. Revenue projections will be based on historical trends by developing base lines for on-going types of revenues versus one-time.
- User fees and charges which are approved by City Council will be periodically analyzed and updated to ensure that all direct and indirect costs are recovered, unless extremely burdensome to citizens. Rate studies will be performed each year for Water; Wastewater and Solid Waste funds based on five-year projections.
- Development fees for capital expenses attributable to new development will be reviewed each year and adjusted if necessary to insure "growth is paying for itself."
- Grant funds received for "on-going expenses" such as personnel must have a reserve of the total on-going cost in the General Fund in order to pay for the on-going expense when the grant expires.
- Projections used to balance revenues to expenditures will be prepared for a five-year period and updated annually.
- Each department will create performance measurements to make sure the goals and objectives of the department are obtained in an efficient and effective manner.
- Conservative but realistic revenue projections will be prepared to assess the limits of budget appropriation. If projections are too high, under-realized revenues could cause budget cuts mid-fiscal year.
- Investments of cash funds will be maintained in accordance with City Charter and State Statutes.
- The City will pursue outstanding collections through a revenue collector plus a tax and license technician and perform periodic audits on businesses to ensure compliance with city tax code. This is to protect the major source of income to our city-sales tax.

➤ **Capital Management Policies:**

- A five-year Capital Improvement Program (CIP) will be developed annually per City Charter requirements and submitted to Council on or before the fifteenth day of June. (Section 5.07, City of Chandler Charter). The Council shall adopt the Capital Improvement Program on the same date as the final adoption of the Annual Budget, which normally occurs in May or June.
- The CIP must include a list of proposed capital improvements with cost estimates, methods of financing, recommended time schedules for each improvement and the estimated income or cost of maintaining the facilities to be constructed. CIP projects will be for infrastructure or facilities over \$50,000.

Budget Policies and Major Issues

- Capital projects presented in the CIP will show related operating and maintenance costs, and will be considered during the operation budget evaluation. Reserves for repair and replacement have been provided in various funds, but a long-term plan to fund this liability is currently under development for Water and Sewer and is being implemented for Streets. Other areas, such as facilities and park improvements will also need to have a plan developed with adequate funding for further repairs and replacement.
- A balance of pay-as-you-go capital improvements versus financing will be evaluated taking various economic factors into consideration. This review will assure the citizens that they are receiving the most efficient use of their tax dollars to repair or replace major projects in the City.

➤ **Debt Management Policies:**

- The City will seek to maintain, and if possible improve, our current bond ratings in order to minimize borrowing costs resulting in lower interest costs.
- Analysis of every new debt issuance will be performed to ensure authorization is approved by voters, capacity according to state law is adequate, and the impact that the issuance will have on property tax rates and/or user fees.
- Non-voter approved debt such as Municipal Property Corporation will only be used when dedicated revenue sources, other than taxes, can be identified to pay debt service expenses. Non-voter approved debt will be considered under the following conditions:
 - *Project requires funds not available from other sources and the project meets the City's goals and objectives.*
 - *Emergency situations that may be an unfunded mandate or affect the public health and welfare.*
 - *The project will generate a positive net revenue position (i.e. revenues will exceed the cost of financing).*
- Improvement Districts will only be issued when there is a general city benefit. Each improvement district financing must be closely evaluated since it is secured by the full taxing authority of the general fund and is viewed by the credit rating agencies as an outstanding City debt.
- Long term bond financing should not exceed the useful life of the infrastructure improvement or useful life of a facility. Average length of bond issues is at 11 years.
- Utility rates will be set, as a minimum, to ensure the rates of revenue to debt service meets bond indenture requirements of 1.2 times coverage (on-going system revenues will cover on-going debt 120%). The goal will be from 1.5 to 2 times coverage to allow fluctuations in revenue collection and to achieve the highest credit rating when bonds are sold.

➤ **Reserve Policies:**

- The City will adhere to Council adopted general fund reserve policy requiring a reserve fund equaling 15% of general fund operating revenues.
- Reserves for water and sewer system funds will be maintained at a minimum of 25% of operating revenues.
- Self-insurance reserves will be maintained at a level, together with purchased umbrella insurance policies, that will adequately indemnify the City's property and liability risk. A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funded levels for property and liability risks. A minimum reserve of 70% of outstanding claims will be maintained.
- Solid waste reserve will be maintained at a minimum of 15% of operating revenues. Other special funds such as HURF and LTAF will be maintained at a minimum of 10% with the goal of 15%.
- Contingency reserves determined annually will be maintained to affect unanticipated revenue shortfalls and/or unexpected expenditure increases; reserves may also be used for unanticipated events threatening the public health, safety or welfare. Use of contingency funds should be utilized only after all budget sources have been examined for available funds.

➤ **Financial Reporting Policies**

- The City's accounting and financial reporting systems will be maintained in conformance with generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).
- An annual audit will be performed by an independent public accounting firm, with an audit opinion to be included in the City's published Comprehensive Annual Financial Report (CAFR).
- The City's CAFR will be submitted to the GFOA Certification of Achievement for Excellence in Financial Reporting Program. The financial report should be in conformity with GAAP, demonstrate compliance with finance related legal and contractual provisions, disclose thoroughness and detail sufficiency, and minimize ambiguities and potentials for misleading inference.
- The City's budget will be submitted to the GFOA Distinguished Budget Presentation Program. The budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units, and as a communication device for all-significant budget issues, trends and resource choices. It should also be presented in a format that is easy to read and understand by the citizens of our community.
- Financial systems will be maintained to monitor revenues, expenditures, and program performance on an on-going basis.

➤ **Budgetary Guidelines:** Some of the significant guidelines pertaining to the budget are as follows:

- Chandler utilizes a decentralized operating and capital budget process; all departments participate in the process and enter budget amounts directly into the on-line computer module.
- Annual budgets for the upcoming fiscal year (July 1 - June 30) are adopted for all funds.
- Each fund budget must be in balance; total anticipated revenues plus beginning undesignated fund balance must equal total estimated expenditures.
- Budgetary control is at the departmental level; however, line item appropriations are established for each cost center (division) within each department. According to Expenditure Control Budgeting (ECB), departments under the General Fund may carryforward estimated savings from the prior year. (see ECB discussion later in this section – page 47.)
- Chandler utilizes the base budget method, where departments are allocated the prior year's base to support all on-going operations plus a base adjustment factor (BAF) for cost of living. In some cases departments request supplemental funding for new positions, equipment or operating expenses to expand existing or for new programs. These requests are reviewed and prioritized by the City Manager, Assistant City Manager's and Finance Director, then presented to Council. The approved requests are incorporated into the department base budget or added as a one-time adjustment for the upcoming fiscal year.
- Chandler operates under the Alternative "Home Rule" Expenditure Limitation allowed by the State.

➤ **Home Rule Option:** Under the Home Rule Option, the expenditure limitation is free from any ties to the State imposed limitation if the majority of the qualified electors vote in favor of this alternative. On March 12, 2002, the City of Chandler voters approved the Home Rule Option for the next four years. Chandler adopts its expenditure limitation along with the annual budget. The maximum legal expenditure limit is the total of all departmental appropriations in the final budget adopted by the City Council.

➤ **Budget Amendments:** In accordance with the City's Alternative Expenditure Limitation, total expenditures may not exceed the final appropriation once the budget is adopted. The City can amend the total appropriation for an individual fund. However, if one fund's total appropriation is increased, another fund must be reduced by an equal amount. These amendments may be processed at any time during the fiscal year upon written request by City Manager to the Council. (Section 5.08, City of Chandler Charter).

Budget Transfers and Carryforward Appropriation: As stated within the Budget Resolution, Council has granted the City Manager or his designee authority upon written request at any time during the fiscal year to do the following:

- to transfer part or all of any encumbrance or designated carryforward reserve within or to a department or to another fund if necessary.
 - to transfer appropriation in the non-departmental salary account to the various departmental salary accounts in all funds.
 - in accordance with Expenditure Control Budgeting (ECB), general fund under-expenditure from prior appropriations in a department, office or agency's budget are re-appropriated in the fund contingency reserve and can be transferred to the appropriate department.
 - to transfer any unencumbered appropriation balance among divisions within a department.
- **Fund Balances:** According to the City Charter, the total of proposed expenditures shall not exceed the total of estimated income and fund balances available. Since fund balances are non-recurring revenue, they are used for one-time expenditures or budgeted as contingency fund appropriations. The beginning year fund balance, therefore, is included in the budget to cover unanticipated fluctuations in revenue or expenses while complying with the expenditure limitation noted above.
- **Budget Basis vs. Accounting Basis:** The budgets for general governmental fund types, (i.e. General Fund, Special Revenue, Capital Projects and Expendable Trust) are prepared on a modified accrual basis. Briefly, this means that obligations of the city (for example outstanding purchase orders) are budgeted as expenses, but revenues are recognized only when they are actually received. This is consistent with Generally Accepted Accounting Principles (GAAP) except for the following:
- Encumbrances are recorded as expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis);
 - Compensated absences are recorded as expenditures when paid (budget basis) as opposed to a liability that is expected to be liquidated from available financial resources as earned and accrued by employees (GAAP basis);
 - Sales tax and grants-in-aid revenue is recorded on the basis of cash collected (budget basis) as opposed to the accrual basis (GAAP basis) whereby amounts are recorded to the period the revenue was earned;
 - Capital outlays for Enterprise funds are recorded as expenses (budget basis) as opposed to fixed assets (GAAP basis);
 - Principal payments on long term debt are recorded as expenses (budget basis) as opposed to a reduction of a liability (GAAP basis);
 - Proceeds from the sale of bonds and utility system development fee revenues are recognized as revenue when received (budget basis) as opposed to a reduction of a liability and an increase in contributed capital, respectively (GAAP basis);
 - No depreciation is budgeted (all fund types); depreciation expense is recorded on a GAAP basis.

Proprietary funds such as the City's Enterprise (water, sewer, solid waste, airport), Internal Service and Permanent Trust funds are budgeted and reported on a full accrual basis of accounting. Under the full accrual basis, expenses are recorded at the time liabilities are incurred and revenues are recognized when they are obligated to the City (for example, water user fees are recognized as revenue when bills are produced, not when the cash is received.) All operating and capital expenditures (except depreciation) are identified in the budgeting process because of the need for appropriation authority.

During the year, the City's accounting system is maintained on the same basis as the adopted budget. This enables departmental budgets to be easily monitored via accounting system reports on a monthly basis. The City's financial records, as reported each year in the Comprehensive Annual Financial Report (CAFR), are maintained in accordance with Generally Accepted Accounting Principles (GAAP). For comparison purposes, the City's Comprehensive Annual Financial Report shows fund revenues and expenditures on both a budget basis and a GAAP basis in all funds for which budgets are adopted.

Budget Policies and Major Issues

- **Financial Forecasts:** In preparation for both the Capital Improvement Program and the Annual Budget, forecasting computer models are utilized to analyze budget decisions on the City's future financial condition.
- A five-year financial forecast model is implemented for water, wastewater and solid waste capital projects to assess the impact of revenue adjustments with user-fee rate increases and bond issues, as well as resulting cash reserves and debt coverage ratios. The model also allocates project costs based on growth, using system development fees, and non-growth, using cash flow from utility fees, bond proceeds and reserves.
 - A five-year forecast is developed to assess the economic impact of the capital improvement program on departmental operating budgets.
 - A five-year plan is used to evaluate general fund revenues and expenditures for on-going costs and determine if adequate revenues are available based on the staffing and program requests.

- **Expenditure Control Budgeting (ECB):** In order to encourage cost effectiveness while providing quality services to Chandler citizens, Expenditure Control Budgeting (ECB) is used for General Fund cost centers. Under the ECB philosophy, any savings accumulated in the operating accounts are carried forward within the cost centers to the next year. Department directors have the ability to expend accumulated savings toward any type of City-approved expenditure except for personnel services.

Expenditure Control Budgeting takes the previous year's bottom line budget, net of personnel costs, as the "base budget." Base budgets are then adjusted annually for population growth and inflation (base adjustment factor or BAF). If projected revenues are not sufficient to cover growth and inflation factors, no base adjustment or a deflator is administered by the City Manager. Estimated savings for year-end are added to the adjusted base budget for the proposed department budget.

Departments are allowed to control their own operations and maintenance expenditures by developing their own line item budgets. Department directors are allowed maximum flexibility and discretion in programming and allocating funds within their own operating budgets. Operation and maintenance savings accumulated from the prior years may be budgeted to any operations and maintenance line item in any cost center within a department. Department operation and maintenance budgets are submitted to the Budget Division to assure they are balanced by fund source.

All personnel costs are funded outside of the departmental base, and any savings accumulated remain in their original fund. The Budget Division develops all personnel services budgets based on full funding of all approved positions. If revenues are available, positions are added to maintain or improve service levels after City Manager review and City Council approval.

ECB assumes existing service levels will be maintained and allows department directors to reprogram savings. Under ECB, departments do not initiate any programs that require additional personnel without a plan for providing financial resources to support the program on an on-going basis. In essence, department directors must plan and save for the future by accumulating departmental savings. The City's use of Expenditure Control Budgeting supports the following basic beliefs:

- Department directors and supervisors are paid to manage wisely and to look for effective and efficient ways to deliver quality services to our citizens while meeting the goals of Council.
- Department directors and supervisors can find more ways to do things more efficiently if given the freedom to innovate and control their own resources; and
- Budgeting is a means to an end, not an end in itself.

BUDGET PROCESS

The Annual Budget is developed to meet the needs and goals of the community based on Council priorities and to comply with legal requirements. The City Charter and State laws both have legal mandates for adoption of the annual budget. Under Arizona State Law a tentative budget must be adopted on or before the third Monday in July of each year. The property tax levy must be adopted by the third Monday in August; and adoption of the final budget must be at least seven days before adoption of the tax levy. Therefore, the deadline for final budget adoption becomes the second Monday in August. The City Charter requires that the budget and Capital Improvement Program be submitted to the City Council on or before June 15. (Section 5.04, City of Chandler Charter)

The steps below summarize highlights in preparing the annual budget. A process flowchart and budget calendar follows showing deadlines to meet the legal mandates of the City and State.

1. **CIP/Budget Module and Manual Updates** – The process begins with the update of the on-line computer modules for both the CIP and the Budget. Preparation manuals for each of the processes are updated with the latest information and process guidelines; these manuals are distributed to all budget/CIP users.
2. **Revenue Estimates and Projections** – Budget staff prepares an analysis of revenue collections to date. Fund status, fund balances and contingencies are analyzed as well. Available revenues are categorized in terms of one-time and on-going resources to match with one-time and on-going requests. Departments receive revenue worksheets listing all revenues pertaining to their areas and are asked to provide projected estimates to year-end as well as for the upcoming fiscal year. Budget staff review requests and make adjustments based on national, state and local economic trends.
3. **CIP Preparation** - The City Code mandates that a five-year Capital Improvement Program (CIP) be developed each year; this process begins in mid-fall. The CIP serves as a multi-year plan to identify requests and financing sources for public infrastructure improvements. In mid-fall departments prepare revisions to the prior year's CIP and add any new capital requests over the five-year period. Capital projects which result in the need for additional personnel, utilities, maintenance, supplies, equipment or other on-going costs must be included with the request. Departments must also complete the 10 criteria which help identify how the capital project fits into the City's plan and vision; these criteria are rated during the capital prioritization process.
4. **Budget Seminar** – The Budget Office holds the budget seminar to distribute the budget preparation manuals and guidelines for the new fiscal year.
5. **CIP Review and Prioritization** - The Budget staff reviews the CIP requests and submit questions to clarify needs or cost estimates. The CIP Prioritization Committee reviews capital projects and criteria responses; they meet with each department to discuss CIP projects or ask questions which would assist with the ranking/prioritization. Committee members rank the 10 criteria for each project; results are summarized and submitted to the CIP Advisory Committee (Department Directors) for further review and funding analysis.
6. **City Council Budget Priorities** - The City Council provides direction to City Manager and Directors through new directives, or goals.
7. **Service Proposals** - Each cost center evaluates their current and future needs in relation to Council goals plus citizen needs to determine if any projected "GAPS" exist in service levels to their customers. If it is anticipated that there would be a detrimental impact to essential services, a Service Proposal is prepared by departments for supplemental funding for personnel or operating expenses; these are reviewed by the City Manager, Assistant City Managers and Finance Director.
8. **Year-end Estimated Expenditures** – Department representatives are responsible for inputting projected expenditures through the end of the current fiscal year. Once completed, the estimated savings for the fiscal year are automatically computed. These savings are added to next fiscal year's budget as a one-time adjustment.

Budget Policies and Major Issues

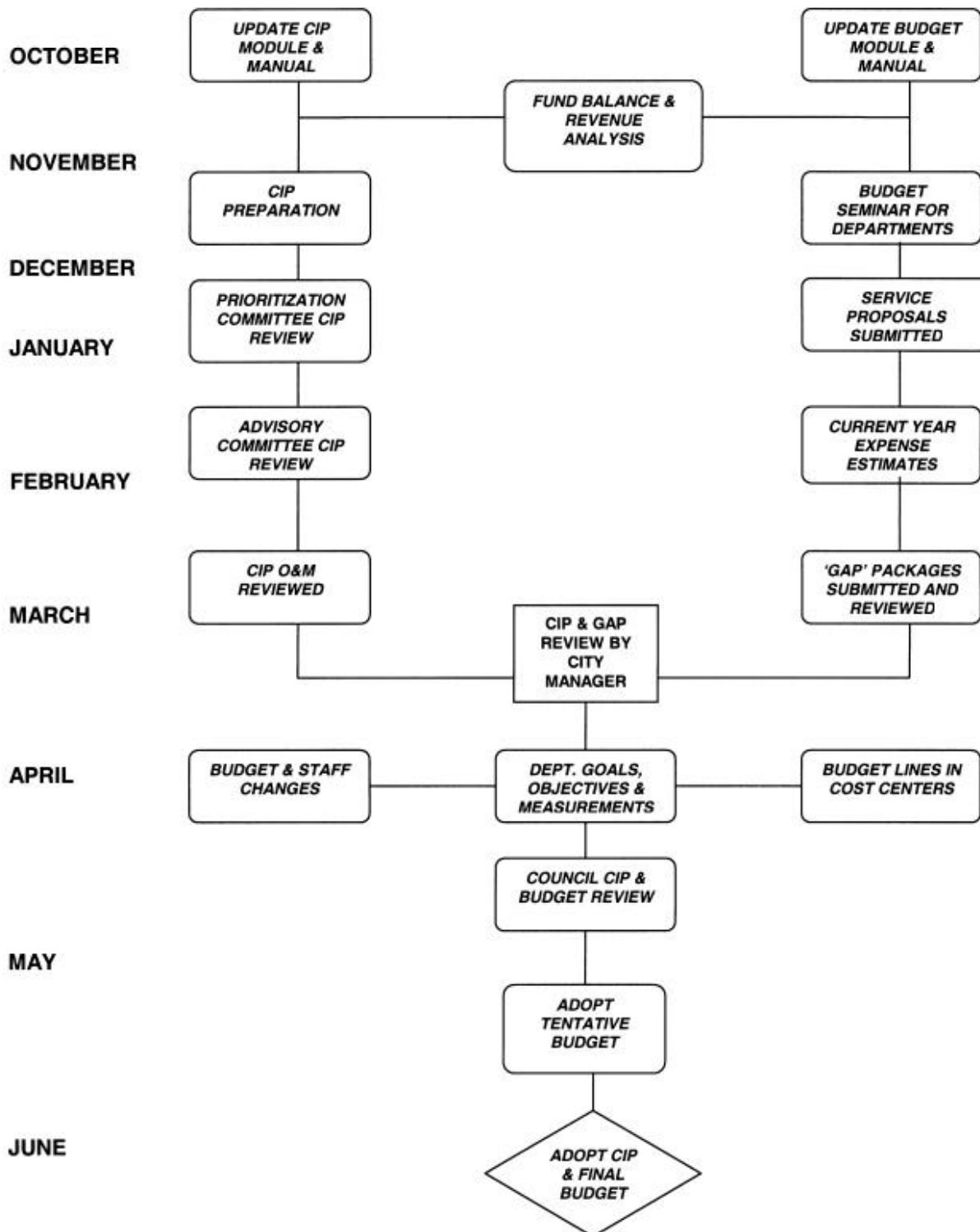
9. **The “GAP” Process** –If the Service Proposal is approved, the department prepares a “Decision Package” or “GAP” Package as known by our organization. These requests are categorized as “one-time” or “on-going” and are submitted on-line in the budget module with estimated personnel, capital or operating costs for a five-year period. In addition to the GAP submittal, other requests are prepared using the Non-departmental General Fund, Grants or the Capital Replacement Fund.
10. **GAP and CIP Review by City Manager’s Office** – The Budget Office provides the Executive Committee (City Manager, Assistant City Managers and Finance Director) with a compilation of all GAP and CIP requests. Revenue projections (one-time and on-going) are also provided to support one-time or on-going expenses associated with these requests. The Executive Committee reviews all requests and presents their budget supplemental and capital projects recommendations to Department Directors.
11. **Position Analysis Distribution** – The Budget Office prepares and distributes position analysis reports detailing salaries and benefits of positions approved for the upcoming fiscal year. The preliminary report is distributed early in the process in January; a second report with approved GAP positions is distributed in April.
12. **Base Budget Allocations/Proposed Budget** – Once the GAP review is completed, departments receive notification of their base budgets, the base adjustment factor (BAF), one-time adjustments, estimated savings, and approved GAP requests. Departments then distribute their budget allocations (operational and capital) using the on-line budget module. **This becomes the Proposed Budget to be submitted to the Council.**
13. **Goals, Objective And Performance Measurements** – Departments prepare cost center goals, objectives and performance measurements to show citizens what services are provided for their tax dollars. An emphasis is placed on showing the effectiveness or quality of services provided.
14. **Significant Budget and Staffing Changes** - The Budget Office prepares spreadsheets by cost center showing prior year actual, current year budget, year-end estimated expenditure and the proposed budget. A comparison on the expenditure category level between the current year estimated year-end expenses and the proposed budget is shown as the percent change. Departments submit significant budget and staffing changes to assist Council members and citizens with understanding where and why the proposed City budget is changing.
15. **CIP/Budget Booklet Development** – Since all necessary information is gathered at this point, the Budget Office prepares department booklets, which are used during the budget briefing with the Council and citizens. (The final annual Budget and CIP documents are prepared after final adoption.)
16. **City Manager Review and Major Issues** – The City Manager reviews the budget and prepares a compilation of major issues with alternative options and cost estimates affecting the budget. These are presented for Council review in the Proposed Budget Highlights booklet. The “GAP” request recommendations of the Executive Committee are also presented with brief descriptions showing on-going and one-time costs.
17. **City Council Budget/CIP Briefing** – The City Manager introduces the budget and CIP to the Council for discussion. Department directors or division managers present their proposed budgets highlighting significant changes affecting the ensuing fiscal year; CIP projects are also presented, along with associated operational/maintenance costs. This budget briefing is open to the public.
18. **Tentative Budget Adoption** – Council amendments and recommendations are made to modify the proposed budget amount prior to tentative adoption. The tentative adopted budget sets the expenditure limitation of the City budget. Council amendments may be made after the tentative adoption; however, these can only reduce or reallocate expenditures.
19. **Public Hearing - CIP and Final Budget Adoption** - A formal public hearing is held. The Capital Improvement Program (CIP) and Budget may be finally adopted for the ensuing fiscal year.



**HIGHLIGHTS OF THE 2003-04 BUDGET AND
2003-2008 CAPITAL IMPROVEMENT PROGRAM CALENDAR**

| | |
|---|--------------------------------|
| Capital Improvement Program (CIP) Module open for Users | October 29, 2002 |
| Submit CIP Program Requests | December 9, 2002 |
| Budget Seminar | December 10, 2002 |
| New User Training on Budget Module | December 11-13, 2002 |
| Review of CIP Projects by Prioritization Committee | January 6-17, 2003 |
| Submit Service Proposals for City Manager's Office review | January 10, 2003 |
| Position Analysis Reports are distributed to departments for review | January 23, 2003 |
| Submit 2002-03 Estimated Expenditures | February 3, 2003 |
| Submit approved Proposals as On-going or One-time GAP Request, Grant Requests, Capital Asset Procurement Requests | February 7, 2003 |
| CIP and Prioritization Review by Advisory Committee | February 10-21, 2003 |
| Review of GAP and CIP packages by City Manager's Office | March 7, 2003 |
| Submit Goals, Objectives and Performance Measurements | March 21, 2003 |
| Base budgets distributed with GAP recommendations | April 9, 2003 |
| Submit 2003-04 final Position Analysis Reports | April 11, 2003 |
| Submit 2003-04 line item budgets | April 14, 2003 |
| Proposed Budget/CIP booklets are prepared and distributed to Council | May 2, 2003 |
| Budget and CIP Study Sessions with City Council | May 12, 2003 |
| Budget Amendment Discussion with City Council | May 19, 2003 |
| Adopt 2003-04 Tentative Budget | May 22, 2003 |
| Publish 2003-04 Tentative Budget exhibits for two consecutive weeks | May 27, 2003 & June 3, 2003 |
| Public Hearings for 2003-2008 CIP and 2003-04 Budget | June 12, 2003 |
| Adopt Final 2003-04 Budget and 2003-2008 CIP | June 12, 2003 |
| Adopt Property Tax Levy | June 26, 2003 |

BUDGET AND CIP PROCESS for FY03-04



FINANCIAL TRENDS/OPERATING BUDGET ISSUES

For the second year in a row, due to the continued downturn of the economy, departments were not given a base adjustment factor, (BAF) for their operating and maintenance expenditures. Based on department carry forward funds and the revenue situation, staff felt that a BAF adjustment would not be given for 2003-04. As a result, staff had to find ways to provide increasing service level demands to our citizens with existing resources. This was not an easy task; with increased demand for services by our growing population, positions and additional resources were needed and requested by departments. The only positions added for next fiscal year were ones that generated more revenue than their cost such as a Tax Auditor, or were an essential position that could be covered by revenues such as in the wastewater fund. Departments were asked to look within their own budget to cover new or increased on-going costs with the understanding that additions may not be seen until the economy begins to turn around. However, there were one-time funds available to provide essential one-time additions to departments.

This decision on BAF was made in light of many economic factors that are impacting our community at this time. The sharp decline in state income tax collections over the past few years has resulted in a \$70-million reduction of urban revenue sharing to Arizona cities. Chandler's reduction was over \$3-million. The Arizona State Retirement System (ASRS) has increased the retirement contribution rate from 2.49% to 5.7%, resulting in \$1.5 million in additional costs to the City. Cox Communications and Qwest have stopped paying sales tax on internet cable due to a recent court case resulting in a \$420,000 annual on-going loss to City coffers. Medical and dental increases of 33% last fiscal year and a projected 30% increase for next fiscal year has resulted in over \$1 million dollars in costs to the City. With a loss of approximately \$3.5 million revenue and increased expenses of over \$2.5 million, you can see how fortunate Chandler has been to avoid layoffs, cutbacks or hiring freezes for next fiscal year. This is due to increased revenues from continued growth in residential, commercial and industry, and the sound fiscal policies that are followed in Chandler, we will be maintaining the pay for performance program for our employees and adding some additional funds for committed projects and programs. These are further described later in this chapter.

The Nation saw an unemployment rate of 5.8% this year. For the State of Arizona, the average unemployment rate was 5.5% and for Maricopa County, it was 5.1%. However, due to the diversified employment base, and the economic strength of the businesses in our community, Chandler's average rate was 3.9%.

The City is projected to show a decrease in commercial growth compared to previous years as a result of completion of the Mall and surrounding power centers. However, commercial and industrial growth will continue at a modest rate as compared to other communities, and residential growth is to remain strong with revised projections showing 90% build-out of residential growth in ten years. Currently, a build-out strategy study is underway which will address our ability to maintain quality services to our citizens while still maintaining financial stability. Once completed, this build-out strategic plan will assist Council in making proactive, policy decisions to continue to support our strong economic base. This will be brought forward to Council in the near future.

This budget is slightly less than last year, with a 1.9% decrease, but the majority of the decrease is a result of selling less bonds in 2003-04. Fund balance is about the same but includes the \$36 million bond sale that was held in June. The City Council and staff have worked hard to attain financial stability, and we want to keep it that way. To maintain this status, we have prepared a conservative budget in light of the unknown economic climate we may continue to face next fiscal year. With continued growth in all areas, commitment to a vision for Chandler by Council, and an efficient staff utilizing resources in the most cost effective manner, Chandler will continue to be quality community that is fiscally healthy.

MAJOR BUDGET ISSUES

Major issues affecting the 2003-04 Annual Budget were submitted to Council for review. These major issues address policies or major program changes that were reviewed and discussed by the City Council at the budget briefing held May 12, 2003. After the briefing was completed, the Council had the option of accepting or rejecting staff recommendations and the option of proposing amendments to the proposed budget prior to adoption of the tentative budget.



Budget Policies and Major Issues

In addition to the 15% general fund contingency reserve, as in prior years, one-time and on-going reserves were set aside for Council to have the ability to fund additional programs or projects during the budget process. For 2003-04 the on-going funds are \$100,000 and the one-time funds are \$500,000. During the Council meeting held May 19, 2003 budget amendments were introduced and incorporated into the adoption of the tentative budget. These are listed below. The balance of unused funds in either on-going or one-time council reserves are available for the Council to vote on subsequent needs for projects that come up during the course of the fiscal year.

| Department | Amendment Request | 2003-04 | | Total |
|--------------------|---------------------------------------|------------------|-------------------|-------------------|
| | | On-going | One-Time | |
| City Manager | Family Advocacy Center | \$ 10,000 | \$ 252,800 | \$ 262,800 |
| Community Services | Public History Coordinator | 66,694 | 0 | 66,694 |
| Community Services | Senior Meals Program | 22,000 | 0 | 22,000 |
| Community Services | Jazz Festival - Sponsor Appropriation | 0 | 30,000 | 30,000 |
| Community Services | Special Events Funding | 0 | 30,000 | 30,000 |
| Community Services | Chandler Community Action Program | 0 | 31,500 | 31,500 |
| | | \$ 98,694 | \$ 344,300 | \$ 442,994 |

Use of One-time Money

Council adopted a General Fund Reserve Policy in June of 1992. The reserve is a budgetary amount set-aside for emergencies or unforeseen expenditures not otherwise budgeted. Also, the reserve can be utilized at times when projected revenues fall short of actual revenues in a given fiscal year. The 15% contingency reserve amount based on operating revenues will be \$21,758,448 in 2003-04.

This reserve protects our fiscal health by assuring sufficient funds are there to meet financial challenges in the future. Meeting this contingency reserve goal contributed to the City having its bond rating for General Obligation bonds raised by Moody's Credit Rating Agency from Baa1 to A in 1994-95, from A to A1 in 1996-97, from A1 to Aa3 in 1998-99, and from Aa3 to Aa2 in 1999. Standard and Poors', the other major credit rating agency in the United States, raised the rating from A- to A+ in 1994-95, from A+ to AA- in 1996-99, from AA- to AA in 2000-01 and from AA to AA+ in 2002-03.

This past May Fitch Ratings gave the City of Chandler General Obligation bonds the highest bond rating possible, a AAA grade rating. The AAA bond rating was achieved due to the City's stellar financial position, sound decision-making, low debt load and diverse economic base. The City of Chandler is one of four cities in the five-state Western region to obtain a AAA rating, one of 35 U.S. cities to receive the AAA rating.

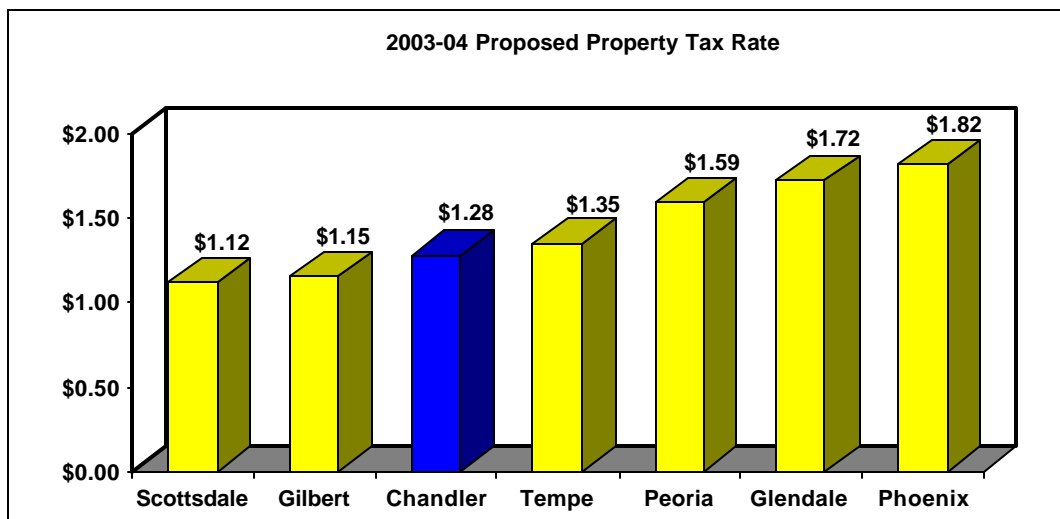
These upgrades allow the City to borrow money at lower interest rates, which translates to taxpayer savings. Chandler has received 17 bond upgrades in the past 10 years, with associated savings of about \$4 million.

Pay Plan Adjustments

Due to the increased medical, dental and state retirement costs, it is recommended that no general salary increase be given for fiscal year 2003-04. However, the City historically has maintained a pay for performance plan with a maximum 5% merit increase. This would only be available for full performers who were not at a maximum of their salary range. The cost to maintain the 5% pay for performance plan in 2003-04 is estimated at \$1,294,595 for General Fund and \$1,563,878 for all funds.

Property Taxes

The City's combined property tax rate is \$1.28 per \$100 assessed valuation, with a primary tax rate of \$0.38, used for general operations and a secondary tax rate of \$0.90, which is restricted for general bonded debt. While Chandler is one of the fastest growing cities in the Valley, it has one of the lowest property tax rates. The 2003-04 proposed rates for our neighboring cities as compared to Chandler are shown in the chart on the following page.



According to Arizona's Truth in Taxation law, the City of Chandler is required to notify its property taxpayers of any increases in primary property taxes for existing property over the previous year. If the proposed primary tax levy, excluding amounts attributable to new construction, is greater than the amount levied by the city in the previous year, this would be considered a tax increase, even if the tax rate remained the same. If your property value does not increase, your local property tax payments will also not increase. If your property value does increase, even though the rate is the same, the amount you pay in local taxes will increase.

The State of Arizona also limits an increase in primary tax levy to 2% above the previous year's maximum. For Chandler, the maximum allowable primary tax levy for 2003-04 is \$6,043,233. Council could have raised the primary rate to meet this allowable levy, equating to a primary tax rate of \$0.396 per \$100 of assessed valuation.

Chandler's primary net assessed valuation for fiscal year 2003-04 is \$1,526,068,883. With the City maintaining the existing primary rate of \$0.38, the estimated levy is \$5,799,062 or \$300,770 over last year's tax levy collection. Under the Truth in Taxation law, this would be considered a tax increase even though the rate would stay the same, and Chandler was required to give notice to our taxpayers. Since Council elected to keep the primary rate at \$0.38 per \$100 of assessed valuation for 2003-04, taxpayers were given notice via the newspaper.

Secondary property taxes are restricted funds, which are used to repay either the City's general bonded debt obligations, or for voter-approved budget overrides. The secondary property tax rate remains at \$0.90 per \$100 of assessed valuation. Chandler's secondary assessed valuation for 2003-04 is \$1,638,375,932 or a 22.9% increase over the prior year. This increase is the result of continued building growth in Chandler and the increasing value of existing property.

Chandler's adopted tax rate for the 2003-04 budget is the same as the prior year at \$1.28 per \$100 of assessed value. This rate is projected to fund our capital improvement program for the next five years without increasing the property tax rate.

2003-04 Budgetary Recommendations to General Fund

Additions to General Fund

The 2003-04 proposed budget contains the following recommended additions to the General Fund. The on-going costs include any salaries, benefits and on-going costs such as expendable equipment and supplies associated with positions. Any one-time costs associated with position(s) are presented in the one-time cost column. During the preparation of the recommended General Fund budget, departments submitted requests for on-going and one-time funding. The City Manager, Assistant City Managers and Management Services Director reviewed all requests; their recommendations for funding are described below. Attachment A contains a list of those items that have only one-time costs in 2003-04.



Budget Policies and Major Issues

| <u>City Manager</u> | <u>On-going Cost</u> | <u>One-time Cost</u> |
|--|--------------------------|--------------------------|
| Funding for a temporary Family Advocacy Center is requested. The goal of this facility is to reduce the trauma experienced by victims of domestic violence. This was presented and approved as a Council amendment. | \$ 10,000 | \$ 252,800 |
| <u>City Magistrate</u> One-time funding is requested for contracting services; the Court requires additional programming services to meet the Criminal Justice Information System computer needs. This request would be funded through the Court Enhancement Revenue. | 0 | 70,000 |
| <u>Information Technology</u> One-time funding is requested to purchase a new Tax and Licensing system, used to facilitate the collection of over \$56-million in revenue each year. A new system will provide Internet access to customers, as well as customer service and efficiency improvements. This project will significantly improve management of tax collection by incorporating more sophisticated analytical tools, as well as integrating with GIS and the permitting system. | 0 | 1,079,270 |
| One-time funding is requested for consulting costs associated with implementing E-Government solutions that will utilize Internet, IVR and FAX technologies to provide new, pertinent, concise and easily-accessed information online for the public. | 0 | 400,000 |
| One-time funding is requested to automate several stages of the solicitation process, providing a streamlined procurement cycle to all City departments. The costs of these enhancements will be offset in future years by the reduction of printing and postage costs. | 0 | 47,500 |
| In fiscal year 2001-02 a pilot program to implement an Electronic Document Management System (EDMS) was successfully completed in the City Clerk's office. Use of this software was scheduled for five other departments in fiscal year 2002-03. One-time funding is requested to use EDMS for additional departments in fiscal year 2003-04. | 0 | 337,760 |
| In fiscal year 2002-03, funds were allocated to implement new modules in the Oracle Financial System, including the project/contract module, and advanced benefits for city employees. One-time funds of \$250,000 are requested for new functionality, re-engineering current functionality, reports, and data inquiry for Oracle in fiscal year 2003-04. | 0 | 250,000 |
| <u>Economic Development</u> The Commercial Reinvestment Program was initiated in fiscal year 2002-03 at City Council's direction in an effort to encourage private reinvestment in older existing retail centers. The pilot program was funded with \$150,000; however, the demand suggests that increased funding is needed. One-time funding for \$300,000 is requested for matching grant purposes; the program administration and marketing is covered by Economic Development. | 0 | 300,000 |
| One-time funding to increase tourism marketing is requested by Economic Development. | 0 | 50,000 |
| One-time funding is requested to reimburse the departments for expenses associated with downtown events. The costs incurred by departments include: staff overtime, street barricades, dumpsters, and utilities. | 0 | 25,000 |



Budget Policies and Major Issues

Community Services

| | <u>On-going Cost</u> | <u>One-time Cost</u> |
|---|---------------------------------|---------------------------------|
| Funding is requested to cover utility, custodial and maintenance costs for the Information Technology building expansion and renovation. Construction is scheduled to begin in fiscal year 2003-04. | \$ 43,125 | \$ 0 |
| Funding is requested to cover utility, custodial and maintenance costs for the Fleet Services and Warehouse building expansion. Construction is scheduled for completion in fiscal year 2003-04. | 48,220 | 0 |
| Funding is requested to cover utility and maintenance costs for the new Alma School Fire Station # 8 which is scheduled to open in 2003. | 52,219 | 0 |
| One-time funding is requested to increase the collection development at the main library and branches, including the new Basha Branch scheduled to be opened in August 2003. The commitment to increase the annual collection development annual was initially made in fiscal year 1999-2000. | 0 | 423,600 |
| One time funding is requested for completion of the Price House renovation of the building's interior to accommodate group gatherings. The site development will include parking and landscaping which will make the facility fully operational. | 0 | 330,900 |
| One time funding is requested for window replacement at the Community Center. In 2002, the Community Center started the first of a multi-phase renovation and improvement process. Initially, twenty windows were replaced; this would complete the replacement. | 0 | 160,700 |
| Funding requested for a Public History Coordinator at the Chandler Historical Museum for continuing the preservation of Chandler's history. This was presented and approved as a Council amendment. | 66,694 | 0 |
| Funding is requested for the Senior Meals Program. The program provides seniors with nutritional and home-delivered meals. This was presented and approved as a Council amendment. | 22,000 | 0 |
| One-time funding is requested for Community Action Programs (CAPS). This agency assists with basic family needs such as food, housing and assistance with utilities. This was presented and approved as a Council amendment. | 0 | 31,500 |
| One-time funding is requested for Jazz Festival and other Special Event assistance. Half of these funds will allow the Jazz Festival committee to process contracts prior to obtaining festival sponsorship funding. An agreement will be completed with the Jazz Festival committee for reimbursement of these funds to the City once sponsorship is received. A policy and process has been established for the use of these funds. This was presented and approved as a Council amendment. | 0 | 60,000 |
| <u>Fire</u> | | |
| The current plan of the Phoenix Regional Dispatch System, of which Chandler Fire is a member, is to begin the conversion to 800 MHz UHF frequencies in fiscal year 2003-04, as presented in the 2002-2007 Capital Improvement Program. As part of the Regional System, the Chandler Fire Department will be required to pay a portion of the costs of this project. One-time funding is requested for the two components of the project: | 0 | 1,764,352 |
| 1. To conduct a radio frequency coverage/analysis and construct the necessary towers and | | |
| 2. To purchase the portable radios, mobile radios and base stations units. | | |
| One-time funding is requested for the federal and state grants that require a 25% City match. With the war on terrorism, there is currently legislation for many new grant opportunities for fire departments. If passed, grant opportunities will come through the Homeland Security Block Grant Act and Weapons of Mass Destruction Preparedness Program. | 0 | 315,000 |



Budget Policies and Major Issues

Fire (continued)

| | <u>On-going Cost</u> | <u>One-time Cost</u> |
|--|---------------------------------|---------------------------------|
| One-time funding is requested for upgrades on our self-contained breathing apparatus - SCBA, to meet recognized national standards and to utilize recent technology to improve safety of our firefighters and the community we serve. | \$ 0 | \$ 190,000 |
| One-time funding is requested for rescue and power equipment replacement to extricate injured patients from vehicles or other entrapped areas. This equipment includes, power plants, cutters, and spreaders (Jaws of Life). Power tools are used in ventilation of structure fires. This equipment includes chain saws, rotary saws, and reciprocating saws. | 0 | 110,000 |
| One-time funding is requested to update three front line and one reserve fire apparatus with Compressed Air Foam Systems (CAFS), which introduces a foam substance into the water from a fire hose to create a mixture that is lighter and provides a coating on materials. This results in less water used, less time on the scene, and reduced firefighter fatigue. | 0 | 180,000 |
| One-time funding is request to upgrade existing LP12 electrocardiograph monitors to be able to provide 12 lead diagnostic capabilities. Twelve lead field assessments are becoming the standard of cardiac evaluation across the EMS community. This capability will allow paramedics to manage chest pain patients more efficiently by providing effective diagnostic information to the physician. Field 12 lead EKGs will assist in reducing the door to treatment time for patients having an acute myocardial infarction. | 0 | 120,720 |
| During fiscal year 2002-03 the department was awarded a Grant specific to Seniors. This program logged 1,723 volunteer hours, 565 smoke alarms installed and 292 home safety assessments. One-time funds for supplies are requested in 2003-04 to continue these public education programs. | 0 | 25,000 |

Management Services

| | | |
|---|---|---|
| One Tax Auditor position is requested to increase privilege tax compliance enforcement and taxpayer education efforts. The cost of this position with salary, benefits and associated supplies is \$65,188. However, based on historical data, this position can be expected to bring in approximately \$250,000 in revenue which more than exceeds this cost. | 0 | 0 |
| One Tax and Utilities Representative position is requested to increase the recovery of delinquent and unidentified privilege taxes due the City. The cost of this position with salary, benefits and associated supplies is \$43,713. However, based on historical data, this position can be expected to bring in approximately \$225,000 in revenue which more than exceeds this cost. | 0 | 0 |

Planning and Development

| | | |
|---|---|---------|
| One-time funding is requested for the Residential In-Fill Development Program. The policy provides an incentive to developers building single-family ownership units on small "passed over" (in-fill) parcels located east of the Price Freeway and north of Pecos Road. The incentive enables the developer to recoup some of the cost of fees paid at the time the building permit was issued. Staff estimates 100 dwelling units per year for the program. | 0 | 250,000 |
| One-time funding is requested for the continuation of the Architectural Excellence Award program, which was initiated in fiscal year 2002-03. | 0 | 20,550 |

Police

| | | |
|---|---|--------|
| One-time funding is requested for the City to provide 25% match for the opportunity to apply for grants involving stopping violence against women, criminal records equipment systems, traffic control programs, high tech equipment that will allow officers to spend more time in community policing activities and less time on administrative functions (acronym: COPS MORE). Additionally, with the war on terrorism in full swing, we anticipate being able to apply for federal grants under the US Patriots Act to support our anti-terrorism work. | 0 | 97,000 |
|---|---|--------|



Budget Policies and Major Issues

Police (continued)

| | <u>On-going Cost</u> | <u>One-time Cost</u> |
|---|---------------------------------|---------------------------------|
| One-time funding is requested for the City to provide 25% match for the forthcoming programs including grants for reducing street crime and Local Law Enforcement Block Grants (LLEBG). | \$ 0 | \$ 43,500 |
| As part of the 2003-2008 Capital Improvement Program, one-time funding is requested for land acquisition in close proximity to the present Richard T. Felix Property and Evidence building on Pecos Road. This will ensure that the space is available when the time for evidence processing expansion arrives. | 0 | 495,495 |
| One-time funding is requested to upgrade the CAD hardware and software. The present hardware is six years old and replacement parts and technicians to service it are becoming virtually non-existent. | 0 | 500,000 |
| One-time funding is requested to purchase the ACU 1000 Interagency Interface System, which patches any radio that is connected to the interface to all other radios. This system may be mounted in a technical support vehicle. The primary usage will be for task forces, interagency emergencies, events or other functions requiring communications between different services. | 0 | 86,000 |
| One-time funding is requested for a replacement of the Firearms Training System. The new digital training system has updated technology, which allows for training and examination in the proper use of a shotgun deployment, chemical spray usage, flashlight usage, handgun usage, as well as an authoring station where scenarios can be created utilizing real locations in the City, making training more realistic and current. | 0 | 83,503 |
| One-time funding is requested to replace the Uninterruptible Power Supply system that is used to backup the Communications Center. This system is fourteen years old and replacement parts are no longer being manufactured. | 0 | 80,000 |
| One-time funding is requested for Quantar Digital Repeaters which handle encrypted systems, thereby providing secure, on-scene communications on all frequencies for all agencies. This system will assist Chandler's interoperability capabilities, both now and in the future as the various agencies in the East Valley migrate to the 800 MHz digital system. | 0 | 40,000 |
| One-time funding has been committed by City Council for the balance due on the purchase of Tasers and related equipment from Taser International. The Taser provides for maximum safety for both the Officer and the subject bringing dangerous situations quickly under control before force escalates to lethal levels. | | 188,639 |

Public Works

| | | |
|---|---|-----------|
| One-time funding is requested for Pecos Road from Dobson to McQueen as shown in the 2003-2008 Capital Improvement Program. This funding will supplement street impact fees for the additional acquisition of right-of-way and for construction in fiscal year 2003-04. | 0 | 5,510,000 |
| Funding is requested for Street repaving maintenance as shown in the 2003-2008 Capital Improvement Program. Approximately 25 of the City's 700 center line miles of streets need repaving. The specific streets will be evaluated each year based upon known construction projects in that area and cost effectiveness. | 0 | 1,339,000 |
| As part of the 2003-2008 Capital Improvement Program, one-time funding is requested to provide the grant match to two Airport programs: Heliport Relocation (\$312,787) and Airport Storm Drain (\$12,024). | 0 | 324,811 |



2003-04 Budgetary Recommendations to Enterprise Fund

Additions to Enterprise Funds

The 2003-04 proposed budget contains the following recommended additions in the Enterprise Funds. The on-going costs are presented, which include salaries, benefits and on-going supplies. Also presented are the one-time associated costs.

Water Operating Fund

Based on projected revenues and expenditures, the following positions and increased expenditures may be added to the budget without increasing water rates in 2003-04.

| | <u>On-going Cost</u> | <u>One-time Cost</u> |
|---|---------------------------------|---------------------------------|
| <u>Municipal Utilities- Water</u> | | |
| The new Municipal Utilities Administration building at McQueen will be constructed in 2003. On-going funds are needed for janitorial, landscaping and maintenance; one-time funding is needed for a T-1 line plus furniture. | \$ 42,960 | \$ 119,905 |
| In fiscal year 2002-03 new Maricopa County regulations are being developed that will require air quality permits for all emergency generators. On-going operating funds are needed in Water Production for the additional fees for permits and generator emissions testing required by these new regulations. | 143,600 | 0 |
| On-going funding is requested for equipment maintenance, landscaping and utilities for the new 2-million gallon storage tank and booster station located near Gilbert and Ocotillo Roads, as presented in the Capital Improvement Program. | 94,185 | 0 |
| On-going funding is requested for equipment and supplies for the new 6.5 miles of transmission mains as presented in the Capital Improvement Program. | 19,500 | 0 |

Wastewater Operating Fund

Based on projected revenues and expenditures, the following increased expenditures may be added without increasing wastewater rates in 2003-04:

| | <u>On-going Cost</u> | <u>One-time Cost</u> |
|--|---------------------------------|---------------------------------|
| <u>Municipal Utilities- Wastewater</u> | | |
| One Wastewater Treatment Plant Operator I plus one Wastewater Treatment Plant Operator II positions are requested for the Airport Water Reclamation Facility (AWRF). This facility is completing a \$23 million plant expansion to increase treatment capacity from 6.5 million gallons a day (MGD) to 10 MGD. Funding is necessary in order to adequately treat the additional wastewater and to maintain the facility. | \$ 412,635 | \$ 0 |
| On-going funding is needed for equipment and supplies associated with the Collection System Facility Improvements as presented in the Capital Improvement Program. | 27,300 | 0 |
| On-going funding is needed for equipment maintenance, utilities and supplies associated with the Effluent Reuse Storage and Recovery Wells as presented in the Capital Improvement Program. | 23,600 | 0 |
| On-going funding is needed for equipment maintenance, utilities and supplies associated with the Effluent Reuse Transmission Mains as presented in the Capital Improvement Program. | 9,000 | 0 |
| On-time funding is needed for the videotape line before and after construction of the new miles of Relief Sewer Mains as presented in the Capital Improvement Program. | 0 | 1,300 |

**ATTACHMENT A
GENERAL FUND ONE-TIME REQUESTS FISCAL YEAR 2003-04**

All General Fund requests were reviewed by the City Manager, Assistant City Manager and Finance Director. The following one-time requests were approved for the proposed budget and recommended to City Council.

| <u>Department</u> | <u>Request</u> | <u>2003-04 One-time</u> |
|----------------------------------|---|------------------------------------|
| City Magistrate | Criminal Justice Information System Programmer - CEF | \$ 70,000 |
| City Mgr- Information Technology | Tax and Licensing System Replacement | 1,079,270 |
| City Mgr- Information Technology | E-Government Public Communication Enhancements | 400,000 |
| City Mgr- Information Technology | Solicitation Process Enhancements | 47,500 |
| City Mgr- Information Technology | EDMS Phase 2 | 337,760 |
| City Mgr- Information Technology | Oracle Enhancements Phase 2 | 250,000 |
| City Manager-Economic Devel. | Commercial Reinvestment Program | 300,000 |
| City Manager-Economic Devel. | Tourism Marketing | 50,000 |
| City Manager-Economic Devel. | Downtown Event Reimbursement | 25,000 |
| Community Services | Price House Renovation - Phase 2 | 330,900 |
| Community Services | Community Center Window Replacement | 160,700 |
| Fire | Fire Department 800 MHz Radio System - CIP | 1,764,352 |
| Fire | Grant Match Assistance to Firefighters Grant Program | 30,000 |
| Fire | Grant Match Homeland Security Block Grant Act of 2003 | 160,000 |
| Fire | Grant Match Weapons of Mass Destruction Preparedness | 125,000 |
| Fire | SCBA Upgrade | 190,000 |
| Fire | Rescue and Power Equipment Replacement | 110,000 |
| Fire | Compressed Air Foam Systems | 180,000 |
| Fire | EKG Upgrade to 12 Lead | 120,720 |
| Fire | Public Education Supplies | 25,000 |
| Planning/Development | Residential In-Fill Development Program | 250,000 |
| Planning/Development | Architectural Excellence Award Program | 20,550 |
| Police | Grant Match Requirements | 43,500 |
| Police | Grants of Opportunity Match Requirements | 97,000 |
| Police | Property and Evidence Expansion (land acquisition) | 495,495 |
| Police | CAD Hardware/Software | 500,000 |
| Police | Interagency Interface System | 86,000 |
| Police | Firearms Training System | 83,503 |
| Police | Uninterruptible Power Supply | 80,000 |
| Police | Digital Repeaters | 40,000 |
| Public Works | Pecos Road (Dobson and McQueen Rd) | 5,510,000 |
| Public Works | Street Repaving | 1,339,000 |
| Public Works | Heliport Relocation | 312,787 |
| Public Works | Airport Storm Drain | 12,024 |
| | | <u>\$ 14,626,061</u> |